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UNITED STATES DEPARTMENT OF AGRICULTURE  
Agricultural Marketing Service  
Washington 25, D. C.

AMS INSTRUCTION No. 408-1  
Rev. 1

ACTION BY: Food Distribution Division,  
Budget and Finance Division, and  
Area Administrative Divisions

Accountability for Program Funds for Cash Assistance Payments  
Under the National School Lunch Program

I PURPOSE

This Instruction assigns responsibilities in connection with accountability for funds to be used in making payments to States and Territories or to nonprofit private schools under the National School Lunch (NSL) Act (42 U.S.C. 1751-1760).

II CANCELLATION

AMS Instruction No. 408-1, Accountability for Program Funds To Be Used in Making Cash Assistance Payments Under the National School Lunch Act, dated 10-21-54, is superseded by this revision. Specific changes are not indicated because of the general nature of the revision.

III DEFINITIONS

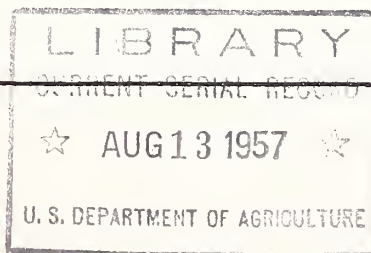
A Allotment. An authorization to an allottee to incur obligations within a specified amount. Allotments are issued on Form AMS-1, Allotment Advice.

B Allottee. The head of the office in the Food Distribution (FD) Division responsible for keeping obligations within the amount of the allotment.

C Apportionment. The distribution of funds to States and Territories in accordance with the formula set forth in Section 4 of the NSL Act.

D Reapportionment. A revision of the original apportionment.

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(III)

E Nonprofit private school. Any school having an agreement directly with AMS and under which agreement AMS makes payments directly to such schools.

F Payments. The amounts of expenditure checks issued, net of refunds received and acknowledged by a disbursing office or depository bank.

G Obligations incurred. Amounts to be paid as cash assistance to States, Territories, and nonprofit private schools under the NSL Act. Obligations are considered as incurred at the time commitments are made to furnish assistance pursuant to approved apportionments.

IV GENERAL

A Allotments of NSL program funds will be made on an annual basis.

B Obligations under the NSL program will be maintained and adjusted as prescribed herein.

C Payments to State and Territorial agencies will be made on a quarterly basis, and payments to nonprofit private schools will be made on a monthly basis.

V RESPONSIBILITIES

A Food Distribution Division. The FD Division shall:

1 Prepare apportionment of NSL program funds to States and Territories.

2 Prepare Form AMS-1, Allotment Advice, covering funds for the operation of the program of cash assistance to State and Territorial educational agencies and to nonprofit private schools. The allotment advice will reflect a breakdown of funds by State and Territory. The total initial allotment will be shown in the first quarter. Any adjustments thereafter will be reflected in the quarter in which made.

3 Submit Form AMS-1, together with proposed apportionment, to the Budget and Finance (BF) Division for review prior to approval by the Administrator.

(V A)

4 Serve as allottee for funds allotted for NSL program purposes, ensuring that obligations incurred do not exceed the cumulative amount available, under any allotment. The Director, FD Division, is the allottee for payments to be made directly to the States and Territories; and the Area Field Supervisors, FD Division, are the allottees for cash payments to be made to nonprofit private schools in those States and Territories (including Hawaii and Guam) in which direct payments are authorized.

5 Provide the BF Division with estimated obligations by State and Territory for each allottee.

6 Prepare payment documents on payments to be made to States and Territories, and submit them to the BF Division for scheduling and payment.

7 Review the estimated obligations periodically to determine whether adjustments are required, and inform the BF Division if adjustments are to be made. In any event, make a report on March 1 and June 1 with respect to the review of obligations made immediately prior to those dates. The report shall indicate, by State and Territory, and by allottee, the estimated obligation expected to be incurred for the fiscal year.

B Budget and Finance Division. The BF Division shall:

1 Review and approve or disapprove allotment advices.

2 Review proposed apportionments to States and Territories as submitted by the FD Division, make recommendations thereon, and send the apportionments to the Administrator for his consideration and approval.

3 Schedule for payment the amounts approved for payment to the States and Territories.

4 Set up and maintain appropriate allotment ledger accounts by State and Territory; record therein allotments, obligations, and payments to States and Territories; and furnish the Director, FD Division (the allottee for payments made direct to States and Territories), each month with a copy of such accounts.

5 Consolidate all monthly obligation reports and allotment ledger summaries of NSL allottees, and prepare and submit a monthly



(V B 5)

report thereon to the Office of Budget and Finance, using SF-133, Report on Status of Appropriation Accounts, for this purpose.

C Area Administrative (AA) Divisions. Within the area which it serves, each AA Division shall:

1 Examine and approve for payment claims submitted by nonprofit private schools operating under the NSL program.

2 Set up and maintain appropriate allotment ledger accounts, by State and Territory; and record therein allotments, obligations, and payments made, identifying the entries by document number, FD transmittal number, and month and year. Copies of the allotment ledger accounts shall be furnished the appropriate Area Field Supervisors, FD Division, as follows:

Office Maintaining Allotment  
Ledgers

Eastern Area Admin. Division  
" " " "

Central Area Admin. Division  
" " " "

Western Area Admin. Division

Food Distribution Division Office  
(Allottee)

Northeast (New York City)  
Southeast (Atlanta)

Midwest (Chicago)  
Southwest (Dallas)

Western 1/ (San Francisco)

3 Furnish monthly to the BF Division an allotment ledger summary, by State and Territory, for cash assistance payments.



Arthur J. Holmaas  
Acting Assistant Administrator for Management

1/ Includes Hawaii and Guam.